

## Message Text

CONFIDENTIAL

PAGE 01 QUITO 02221 060311Z  
ACTION ARA-10

INFO OCT-01 ISO-00 PM-04 NSC-05 SP-02 SS-15 EB-08 L-03  
COME-00 CIAE-00 INR-07 NSAE-00 INRE-00 SSO-00  
NSCE-00 TRSE-00 FEA-01 /056 W  
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O R 060302Z APR 77  
FM AMEMBASSY QUITO  
TO SECSTATE WASHDC IMMEDIATE 3799  
INFO AMCONSUL GUAYAQUIL

C O N F I D E N T I A L QUITO 2221

E.O. 11652: GDS  
TAGS: EINV, ENRG, PFOR, EC  
SUBJECT: THE GULF NEGOTIATIONS

1. SUMMARY: I SAW ADMIRAL POVEDA THIS EVENING (APRIL 5) AND OUTLINED FOR HIM THE SEMBLANTES PROBLEM. HE HAD BEEN OUT OF TOWN FOR A WEEK AND WAS NOT INFORMED. HE PROMISED ME THAT FIRST THING TOMORROW HE WILL HAVE THE SUPREME COUNCIL TAKE UP THE GULF MATTER AND GIVE ORDERS THAT THE AGREEMENT BE SIGNED AS SOON AS POSSIBLE. END SUMMARY.

2. I OPENED THE CONVERSATION WITH POVEDA BY REVIEWING MY IMPRESSIONS AFTER MY RECENT CONSULTATIONS IN THE DEPARTMENT. I TOLD HIM THAT I HAD FOUND CONSIDERABLE SYMPATHY FOR ECUADOR. I SAID THAT WASHINGTON WAS FAVORABLY IMPRESSED BY THE EFFORTS HIS GOVERNMENT WAS MAKING TO TURN THE COUNTRY BACK TO CIVILIAN RULE, BY THE MILITARY GOVERNMENT'S EXCELLENT HUMAN RIGHTS RECORD, AND BY THE EFFORTS THAT HE HAD MADE TO OVERCOME BILATERAL PROBLEMS, ESPECIALLY THE GULF MATTER. I SAID THAT AMBASSADOR YCAZA'S DIPLOMATIC EFFORTS AND THE RECENT VISIT OF THE UNDER-SECRETARY OF FOREIGN AFFAIRS HAD HELPED TO CREATE A HEIGHTENED AWARENESS IN WASHINGTON OF THE ANDEAN SECURITY SITUATION AND OF ECUADOR'S CONCERNS REGARDING ITS DEFENSES.  
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I ADDED THAT WHILE THERE WOULD CONTINUE TO BE SERIOUS INHIBITIONS ON OUR RESPONDING TO ALL OF ECUADOR'S MILITARY REQUIREMENTS, I FELT THAT GIVEN TIME AND EFFORTS BY HIS GOVERNMENT AND THIS EMBASSY WE COULD BE HELPFUL TO ECUADOR IN THIS AREA.

3. I THEN SAID THAT MY OPTIMISM, HOWEVER, WAS ENTIRELY

CONDITIONED UPON A PROMPT SETTLEMENT OF THE GULF MATTER. I REVIEWED FOR HIM THE OBSTACLES THAT THE MINISTER OF NATURAL RESOURCES WAS PLACING IN THE WAY OF CONCLUSION OF THE AGREEMENT. POVEDA SAID THAT HE HAD BEEN ABSENT FROM QUITO FOR A WEEK AND UPON HIS RETURN TODAY HAD BEEN CHAGRINED TO FIND THAT THE GULF MATTER WAS STILL UNRESOLVED. HE HAD SPOKEN TO THE MINISTER OF FINANCE WHO HAD REPORTED THAT HE HAD THE MONEY AND WAS READY TO SIGN THE AGREEMENT, BUT THAT SEMBLANTES WAS IN GUAYAQUIL TODAY SO THAT HE HAD BEEN UNABLE TO TAKE UP THE MATTER WITH HIM. HOWEVER HE INTENDED TO DO SO WITH HIS COLLEAGUES ON THE SUPREME COUNCIL TOMORROW MORNING.

4. HE THEN SPECULATED AS TO THE REASONS FOR THE MINISTER'S OBSTRUCTIONISM. HE COMMENTED THAT PERHAPS SEMBLANTES WAS AFRAID OF BEING ATTACKED BY THE LEFT. AT THIS POINT I FELT IT NECESSARY TO INFORM HIM OF THE EVIDENCE THAT WE HAD THAT THE MINISTER WAS SEEKING A BRIBE FROM GULF. AT THIS POVEDA THREW UP HIS HANDS AND EXCLAIMED, "THIS IS THE LAST STRAW\*". HE SAID THAT HE WOULD SPEAK TO HIS COLLEAGUE, GEN. DURAN, (SEMBLANTES' MILITARY SUPERIOR) FIRST THING IN THE MORNING AND SEE TO IT THAT ORDERS WERE GIVEN TO SEMBLANTES TO STOP HIS DELAYING TACTICS AND TO GET ON WITH PROMPT SIGNATURE OF THE AGREEMENT WITH GULF.

5. COMMENT. I BELIEVE THAT POVEDA WILL OVERRIDE SEMBLANTES. HOWEVER, EVEN THOUGH POVEDA TOLD ME THAT HE WOULD GIVE ORDERS THAT THE RESPONSIBLE MINISTERS SHOULD WORK ON THE GULF MATTER OVER THE ECUADOREAN HOLIDAYS  
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(APRIL 7-10), I CANNOT HELP BUT FEEL THAT THIS HOLY WEEK VACATION WILL SLOW MATTERS UP. POVEDA PROMISED TO CALL ME AT NOON TOMORROW (BEFORE HE HIMSELF LEAVES QUITO FOR THE FOUR-DAY HOLIDAY) TO TELL ME HOW THINGS STAND. I AM COMMUNICATING THE GIST OF THE FOREGOING TO THE LOCAL GULF REPRESENTATIVES. I ASK THAT THE DEPARTMENT URGE THE GULF EXECUTIVES TO STAY THEIR HAND UNTIL WE CAN CONCLUDE THIS MATTER, AS I AM HOPEFUL WE WILL BE ABLE TO WITHIN THE NEXT 10 DAYS.  
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## Message Attributes

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